

DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

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April 13, 2006

TO: LIHEAP SERVICE PROVIDERS

SUBJECT: CLARIFICATION TO THE 2006 LIHEAP CONTRACT
AMENDMENT NUMBER 2 – Funding Release

On Friday, March 31, 2006, the Department of Community Services and Development (CSD) released a memorandum pertaining to S.2320/Public Law 109-204, which provided an additional \$1 billion in Low-Income Home Energy Assistance Program (LIHEAP) funding for Federal Fiscal Year (FFY) 2006 and provided details for releasing \$63 million (California's share of the \$1 billion) in additional funding to the network of service providers.

The purpose of this correspondence is to further clarify the use of these funds for the acquisition of vehicles/equipment and also to correct an inaccurate interpretation of California Government Code, Section 16367.5, pertinent to funding levels for LIHEAP weatherization, referenced in the memorandum dated March 31, 2006 to LIHEAP Service Providers:

1. **VEHICLE PURCHASES:** Due to the fact that the additional LIHEAP funding will be used to augment the 2006 LIHEAP Contract, the use of these funds for vehicle and equipment purchases in accordance with the terms and conditions of the 2006 LIHEAP Contract will be allowed.
2. **CONTRACTOR BUDGET LIMITATIONS AND FLEXIBILITIES.**
WEATHERIZATION: Per California Government Code, Section 16367.5, "an amount of not less than 15 percent and up to the maximum allowed by federal law of the total federal allocation shall be allocated for weatherization services..." This statute specifically directs CSD to allocate the maximum amount of funds for the purposes of weatherization. The maximum funding at 25 percent is (as always) contingent upon the approval of the weatherization waiver by the U.S. Department of Health and Human Services (HHS). After further review, we have determined that current law prohibits CSD from extending flexibility to service providers in determining the amount of funding for weatherization.

CSD has updated the ECIP Local Plan estimator to reflect the earmarking of weatherization funding at the maximum level (25 percent). Consistent with past practices, Contractors will continue to receive the initial 15 percent for weatherization, and the remaining 10 percent will be treated as a set-aside pending the outcome of the CSD's weatherization waiver request to HHS. Upon the approval of the weatherization waiver, the weatherization set-aside of 10 percent will automatically augment your weatherization allocation.

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Contractors who have submitted their ECIP Local Funding Proposal are asked to review their proposal to ensure that the full 25 percent is allotted to weatherization, and if necessary, submit a revised proposal via e-mail and hardcopy to your assigned Field Representatives.

If any of the provisions for the budgeting and expenditures of this new funding are not workable, please contact me to workout possible exceptions and explore alternative options.

I truly apologize for any inconvenience this may have caused. If you have any questions, or require additional assistance with completing the ECIP Local Funding Proposal process, please contact your Field Representative.

Sincerely,

ORIGINAL SIGNED BY JASON WIMBLEY

JASON WIMBLEY
Energy Service Division Chief
Enclosure